APPENDIX A — OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT DECIDED MARCH 1, 2010

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

2009-1022

MEDIA TECHNOLOGIES LICENSING, LLC,

Plaintiff/Counterclaim Defendant-Appellant,

v.

THE UPPER DECK COMPANY, THE UPPER DECK COMPANY, LLC, UPPER DECK DISTRIBUTION & SALES COMPANY, and UPPER DECK DISTRIBUTION & SALES COMPANY, LLC,

Defendants/Cross Claimants-Appellees,

and

PLAYOFF CORPORATION,

Defendant/Counterclaimant-Appellee,

v.

ADRIAN GLUCK,

Cross Defendant-Appellant.

DECIDED: March 1, 2010

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OPINION

MAYER, *Circuit Judge.*

Media Technologies Licensing, LLC ("Media Tech") appeals the judgment of the United States District Court for the Central District of California granting summary judgment that U.S. Patent No. 5,803,501 ("'501 patent") and U.S. Patent No. 6,142,532 ("'532 patent") are invalid due to obviousness. Media Techs. Licensing LLC v. Upper Deck Co., No. 01-1198 AHS-AN, 2008 U.S. Dist. LEXIS 112350 (C.D. Cal. Oct. 6, 2008). We affirm.

BACKGROUND

On December 15, 1994, Adrian Gluck filed U.S. Patent Application No. 356,481 for a "Memorabilia Card." This application matured as the '501 patent. Gluck filed a continuation of the '481 application that matured as the '532 patent. Both the '501 and '532 patents are drawn to an invention that "provide[s] an actual piece or portion of an item in combination with a photograph or the like of a famous figure having a relationship to the item." '501 patent col.1 ll.58-61; '532 patent col.1 ll.59-62.

Asserted claims 1, 6, and 7 of the '501 patent are independent claims that generally cover a piece of a memorabilia item attached to a trading card near where the actual item would typically appear in an image that

depicts the item's relationship to the person shown on the card. Claim 1, for example, recites:

> A memorabilia card comprising a substrate in the form of a card and having an image surface,
>
> the image surface including a background image and a foreground image, and wherein the foregoing image is of a famous figure,
>
> a piece of a memorabilia item being adhered to the card adjacent to where an image of the actual item normally would appear, and
>
> the card including a certificate attesting to the authenticity of the item.

The '532 patent's asserted claims (reexamined claims 23-29) generally require attaching a tiny piece of a particular sports memorabilia item, sports clothing, or entertainment clothing. Claim 23, for example, recites:

> An article of memorabilia comprising:
>
> a first member, and
>
> a portion, but not the entirety, of an authentic memorabilia item used by a popular sport or entertainment personality or during a memorable event, said portion attached to said first member wherein the authentic item

> is a baseball bat, and said portion comprises a tiny piece of wood taken from that bat.

On November 19, 2001, Media Tech sued *Upper Deck Co.* for infringement. The district court granted summary judgment in favor of defendants on the basis of res judicata, which this court reversed. *Media Techs. Licensing, LLC v. Upper Deck Co.*, 334 F.3d 1366, 1371 (Fed. Cir. 2003). Defendants then filed requests for reexamination of both the '501 and '532 patents. The district court stayed the case pending the reexaminations. A reexamination certificate issued for the '501 patent confirming the claims in their original form. A reexamination certificate issued for the '532 patent that added new claims 16-29.

On October 6, 2008, the district court issued a claim construction order, granted Media Tech's motion for summary judgment on the defense of anticipation, and granted defendants' motion for summary judgment that the patents were obvious. Media Tech timely appeals; defendants do not cross-appeal their adverse rulings. We have jurisdiction pursuant to 28 U.S.C. § 1295(a)(1).

DISCUSSION

Summary judgment is appropriate if "there is no genuine issue as to any material fact and . . . the movant is entitled to a judgment as a matter of law." Fed. R. Civ. P. 56(c); *see also Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247-48, 106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986). A district court's grant of summary judgment is

reviewed without deference, reapplying the same standard as the district court. *Micro Chem., Inc. v. Lextron, Inc.*, 318 F.3d 1119, 1121 (Fed. Cir. 2003). "In deciding whether summary judgment was appropriate, we view the evidence in a light most favorable to the party opposing the motion with doubts resolved in favor of the opponent . . . ." *Ethicon Endo-Surgery, Inc. v. U.S. Surgical Corp.*, 149 F.3d 1309, 1315 (Fed. Cir. 1998). Whether an invention would have been obvious at the time the invention was made is a question of law, which we review de novo, based on underlying factual determinations, which we review for clear error, *Takeda Chem. Indus., Ltd. v. Alphapharm Pty., Ltd.*, 492 F.3d 1350, 1355 (Fed. Cir. 2007), unless, as is the case here, no material facts are in dispute.

A patent may not be obtained "if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains." 35 U.S.C. § 103(a). An obviousness analysis is based on several factual inquiries. A court must examine the scope and content of the prior art, the differences between the prior art and the claims at issue, and the level of ordinary skill in the pertinent art. *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 406-07, 127 S. Ct. 1727, 167 L. Ed. 2d 705 (2007) (citing *Graham v. John Deere Co.*, 383 U.S. 1, 17-18, 86 S. Ct. 684, 15 L. Ed. 2d 545 (1966)). At that point, a court may consider secondary objective evidence of nonobviousness, such as commercial success, long felt but unsolved need, failure of others, and the like. *Id.*

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The prior art here includes: (a) a trading card with a picture of Marilyn Monroe and a diamond attached to the card ("Monroe"); (b) a piece of a sheet purportedly slept on by one of the Beatles attached to a copy of a letter on Whittier Hotel stationery declaring authenticity ("Whittier"); (c) a piece of fabric purportedly belonging to a Capuchin Friar named Stephen Eckert attached to paper stock including a picture of the friar ("Eckert"); and (d) a greeting card fashioned to look like a novelty item that ostensibly includes a piece of jeans material belonging to James Dean ("Dean").

After determining the scope and content of the prior art, the differences between the prior art and the claims at issue must be determined. Media Tech argues that Monroe differs from claim 1 of the '501 patent because Monroe's diamond is neither "a memorabilia item" nor "a piece," as recited by the claim. Based on the construction of "memorabilia," "an object valued for its connection with historical events, culture or entertainment," Monroe's diamond is memorabilia. As for the "complete" vs. "piece" distinction, even if Monroe's diamond is not a "piece," Whittier, Eckert, and Dean teach using "a piece" of memorabilia.

Media Tech maintains that claim 6 of the '501 patent differs from Whittier because Whittier does not teach "a card." Monroe, however, is a card. It also asserts that Dean differs from claim 24 of the '532 patent because it does not teach using memorabilia. Dean does teach using memorabilia. It may fail to teach "authentic

memorabilia," but "authentic[ity]" is taught by Whittier and Eckert. Claims 23 and 25 through 29 of the '532 patent would have been obvious for the same reasons presented for claim 24 because they differ only in their recitation of a specific type of memorabilia piece (e.g., baseball bat, baseball, etc.).

Finally, because no reference teaches a "sports trading card," the obviousness of claim 7 of the '501 patent depends on whether a person of ordinary skill would apply the teachings of Whittier, Eckert, and Dean to a "sports trading card." Accordingly, we consider the level of ordinary skill in the art. Defendants submitted testimony that a trading card designer of ordinary skill routinely used the concepts found in other card industries for trading cards. Defendants' expert was employed at Donruss Trading Card Company as a director from approximately 1991 to 1996. In his declaration, he states that the four references could well have been sought, considered, and acted on by a person of ordinary skill in the art to develop "crossover applications" for trading cards.

Media Tech asserts that a person of ordinary skill would not have combined the references—or applied them to a sports card—based on: (1) an inability to predict that a trading card would convey memorabilia authenticity; and (2) the trading card field containing an infinite number of identified and unpredictable solutions.

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The "inability to predict" argument alleges that "combin[ing] . . . trading cards with a piece of a memorabilia item . . . result[ed in] . . . consumers automatically accept[ing] as authentic a piece of otherwise unidentifiable material." However, as Media Tech itself acknowledges, consumer acceptance comes from the credibility already associated with the 90-year old trading card industry. As such, Media Tech has not shown that the combination of memorabilia with a conventional trading card resulted, or would result, in consumers accepting authenticity.

Regarding the infinite number of identified and unpredictable solutions, the presentation and content characteristics of trading cards are not infinite. These characteristics are limited by the cards' physical characteristics. Moreover, while presentation involves varying parameters (color, typefaces, layout, etc.) to produce distinctive products, the asserted claims are unrelated to presentation. Instead, they relate to content. Content solutions are significantly limited by the theme and physical confines of the card, and the finite number of available solutions were predictable. Defendants need only show that it would have been obvious to one skilled in the art to attach a sports-related item instead of those items attached in the prior art references. Defendants have met this burden, and Media Tech's assertion that a person of ordinary skill would not have combined the references—or applied them to a sports card—must fail.

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Secondary objective evidence also fails to establish non-obviousness. Media Tech argues long felt but unsolved need and failure of others; initial skepticism; commercial success; unexpected results; and industry recognition.

Media Tech's "long felt but unsolved need" of "stimulat[ing] demand" suffers two deficiencies. First, the need does not correspond to the asserted claims because it is overbroad. Second, "stimulat[ing] demand" is applied too narrowly to trading card inserts. Media Tech defines success narrowly because it admits that some non-memorabilia trading-card inserts have generated interest, and are still being used. Inserts that are still in use because they generate interest are successful—and do not demonstrate failure of others. However, based on its narrow definition of success, Media Tech claims that successful inserts show failure of others because they did not "successfully stimulate[] demand in a manner similar to memorabilia cards." Media Tech cannot have it both ways with: (1) an overbroad "long felt but unsolved need" of "stimulat[ing] demand"; and (2) an exceedingly narrow definition of success that requires a trading card insert to raise demand to levels achieved by the alleged-infringing products. We reject both Media Tech's overbroad "long felt but unsolved need," and its overly narrow definition of success.

With respect to "skepticism," Media Tech's expert states that "[n]umerous articles and commentators, including myself, originally predicted that memorabilia

cards would be a short lived phenomenon and many trading card companies such as Fleer and Topps were skeptical of the concept and reluctant to introduce memorabilia cards." But this is not supported by the record. Media Tech also relies on outrage at the idea of "destroying valuable sports memorabilia." Alleged outrage over destroying sports memorabilia, however, does not demonstrate a belief that the trading-card beneficiary of that destruction would fail.

Regarding commercial success, Media Tech has established that the alleged infringing memorabilia cards sold by appellees are commercially successful; however, it has not established the required nexus between the claimed invention and commercial success. *Ormco Corp. v. Align Tech.*, Inc., 463 F.3d 1299, 1312 (Fed. Cir. 2006) ("if the commercial success is due to an unclaimed feature of the device, the commercial success is irrelevant"). It attempts to rely on the "presum[ption] that the commercial success is due to the patented invention." *Id.* To do so it must show "that the successful product is the invention disclosed and claimed in the patent." *Id.* (quoting *J.T. Eaton & Co. v. Atl. Paste & Glue Co.*, 106 F.3d 1563, 1571 (Fed. Cir. 1997)). Defendants present innovative manufacturing (a 3-ply, flat card with the material piece sandwiched between layers of cardstock) and packaging as factors that are unrelated to the quality of the patented subject and essential to commercial success because they convey authenticity and prevent consumers from detecting the memorabilia card within a package of trading cards. Media Tech offers no response to these factors, and

consequently cannot benefit from the nexus presumption. *See id.* at 1312. In short, from all that appears, whatever success was enjoyed came from celebrity, not invention. Even if Media Tech could establish the required nexus, a highly successful product alone would not overcome the strong showing of obviousness.

In arguing unexpected results, Media Tech returns to its argument that a person of ordinary skill would not have predicted commercial success. This is an attempt to recycle its commercial success arguments by making similar arguments under the "unexpected results" heading. Commercial success, however, even if unexpected, is not part of the "unexpected results" inquiry. An unexpected result must arise from combining prior art elements; commercial success is a separate inquiry from unexpected results, and in any event has not been shown here to be a result of the invention as opposed to other factors.

CONCLUSION

Accordingly, the judgment of the United States District Court for the Central District of California is affirmed.

AFFIRMED

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RADER, *Circuit Judge*, dissenting.

Relying on wholly irrelevant prior art and ignoring significant objective indicia of non-obviousness, this court substitutes its judgment on patentability for that of a jury. Lurking just beneath the surface of this court's blindness to the underlying facts supporting non-obviousness is a bias against non-technical arts. No doubt, the invention of the transistor or of the polio vaccine came from more scientific fields and contributed more to the welfare of humanity. This court, however, cannot overlook that many individuals invest vast energies, efforts, and earnings to advance these nontechnical fields of human endeavor. Those investments deserve the same protection as any other advances. The incentives for improvement and the protection of invention apply as well to the creator of a new hair-extension design as to a researcher pursuing a cure for cancer. In either case, the PTO and this court are charged with assessing the invention disclosure to determine its worthiness to receive a valuable, but temporally limited, exclusive right. Because this court dismisses this case so readily, I respectfully dissent.

As mentioned, this invention does not advance rocket science or cancer medicine. Still, for many individuals, this avocation wins vast devotion. The trading card industry was born in the late 19th century when tobacco companies began inserting images of baseball players into cigarette packs. Soon thereafter the trading card concept spread to other industries, most notably gum companies. Over the next century,

the cards became standardized and sold in stand-alone packs without any tandem product, such as gum or peanuts. By the early 1990s, with competition intensifying, trading card companies introduced limited edition insert cards — e.g., autographed cards or holographic cards — to spark sales with the hope of acquiring a scarce and valuable asset.

The '501 patent was filed in 1994. Up until that point, not a single reference in over a century of history disclosed attaching a cut-up piece of a memorabilia item to a baseball card. The concept behind the invention was initially met with much skepticism. The major trading card companies, including the named defendants in this case, rejected Adrian Gluck, the inventor of the '501 patent. They reasoned, quite logically at the time, that the value of a particular memorabilia item depended on its physical preservation. Indeed, all the prior art suggested that the value of an item of memorabilia hinged on its condition. In better condition, the item brought maximum value; in worse condition, far less. Thus, the notion of cutting up an authentic player's jersey into numerous pieces and attaching it to a trading card seemed sure to destroy far more value than it could ever create. According to the standard wisdom in this field, the dismembered jersey could not enhance the value of either the jersey or the card.

A year after Gluck approached Upper Deck with his idea, however, the company undertook an experiment and began selling limited edition cards with accompanying cut-up jersey pieces affixed adjacent to

the player's image. The new card product quickly became a hit with collectors and received praise throughout the formerly skeptical industry. One popular trade article opened with the following:

> Can you imagine anyone cutting a game-used Dan Marino jersey into little pieces? Proud owners of such memorabilia probably wouldn't even keep a pair of scissors in the same room as No. 13. But Upper Deck does.
>
> For the Southern California company, combining sharp instruments with authenticated jerseys has been as successful as the combination of sports cards and memorabilia. Last month's issue of Sports Cards Magazine had Upper Deck's Game Jerseys and A Piece of the Action cards in the top two on the demand list for insert singles for baseball, hockey, football and racing. . . . Based on Upper Deck's early success, it's apparent that Game Jerseys are exactly what collectors wanted.

Another trade magazine clamored:

> There was a time when spreading peanut butter and jelly between two slices of bread may have been an unthinkable combination. Today, millions of school children, and just as many grown-ups, rely upon the celebrated sandwich as a lunch-time staple.

> So it goes with most ground-breaking ideas; an open mind plays an important role in developing a vision. Those who look beyond the ordinary can often see the future. Those who don't simply mutter, "Why didn't I think of that?"
>
> The creative minds at Upper Deck search for that elusive gem every day, striving to provide collectors with the hobby's version of the next PB&J. As for the company's Game Jersey idea—a unique card set randomly inserted into all Series I packs of 1997 Upper Deck baseball—it's not exactly edible. But, gauging from collector interest, it is desirable.

These excerpts are only a small sample from the record of the accolades for the Gluck invention. With various marketing campaigns and advertisement promotions touting the idea behind the '501 patent as their focal point, the newly-released cards became a staple of the industry. Using the invention, Upper Deck swept to the forefront of this new wave.

Without even so much as a cursory review of these unexpected results, the skepticism of experts, the commercial success, the flattery of copying, or any other objective facts, this court concludes in a rather passing fashion that the claimed invention would have been obvious at the time of invention based on the prior art references. But viewed in the context of the record as a whole, the prior art does not support that judgment as a matter of law.

Most important, none of the prior art references are remotely related to the sport trading card industry. The defendants' failure to proffer any reference in the relevant field of invention is telling given the century-old history of this industry. Perhaps claim 1 can fairly be interpreted to include memorabilia items beyond the sporting world, but other asserted claims are expressly limited to sports trading cards. Thus, this court ought to seek at least some prior art in the primary field of its application and use. And the absence of any prior art in that area ought to speak volumes.

Setting aside the sports versus non-sports issue, each of the prior art references in this case is still distinctly different from the claimed invention. The Monroe reference discloses a diamond attached to a photo of Marilyn Monroe on a card. Unlike an authentic jersey worn by an athlete during a game or a match, the diamond itself has no inherent value derived from its "connection with historical, events, culture, or entertainment" as required by the district court's construction for "memorabilia item." Rather, the diamond itself attains cultural significance only when attached to a picture of Marilyn Monroe. In addition, the '501 patent teaches cutting a "memorabilia item" into "pieces." The Monroe diamond is not a "piece" of any "memorabilia item" within the context of the '501 patent.

The Whittier reference discloses a cut-up piece of a bed sheet once graced by one of the Beatles. The Whittier prior art reference attaches the scrap of cloth

to a stationery paper with a statement of authenticity. It bears the date 1964. Besides the defendant's admission that the bed sheet in one of its proffered exhibits is a fake, the reference also does not disclose any "trading card" or "photo" as those terms are used in the '501 patent. This reference has many differences besides its distant removal in time.

The Eckert reference is a "holy card" used to familiarize the public with a particular religious figure to promote that candidate for sainthood. A picture of a friar named Stephen Eckert appears on paper stock next to fabric represented as a piece of his clothing. As with the Monroe reference, it is a far stretch at best to say that Eckert discloses a "memorabilia item" as contemplated by the district court's construction. Nor were "holy cards" purchased, traded, or valued like typical trading cards or "memorabilia items." Their sole purpose was to increase the fame of the particular religious figure featured.

Finally, the James Dean reference features a picture of James Dean on a greeting card next to an undisputedly fake piece of the celebrity's jeans. It is entitled, "Rebel's Cause Lives: Ecstatic discovery! James Dean's Jeans!" Despite defendants' general admission that the prior art reference itself was intended as a joke, they still maintain that the reference would have motivated a skilled artisan to cut up a memorabilia item for a sports card. Quite the opposite, a reasonable inference could be made — which this court must credit on summary judgment — that the James Dean

reference teaches away from the claimed invention for the very fact that it was a joke, a fake (not a "memorabilia item"), and, in many other ways, different from the claimed invention. In sum, the prior art references of record are each inherently different and lack much of the uniqueness and novelty of the claimed invention.

Finally, the record is dubious at best — particularly at this summary judgment stage — in suggesting that a person with skill in this art would even consider the four prior art references relied on by defendants, much less combine them. In that vein, this court cites primarily to defendants' expert Scott Kelley to make the vast leap from these sketchy and different references taken in isolation. Mr. Kelly's declaration, to my eyes, resounds with conclusory statements that lack any convincing reference to the actual record. To rely on such "expertise" without considering the countervailing factual evidence on record contravenes the role of a court at the summary judgment stage and gives accused infringers a free pass to avoid a jury's judgment on the facts — in a sense, a get-out-of-jail-free card (no pun intended).

Plaintiff also proffered an expert, Henry Taylor, with credentials similar to those of Mr. Kelly but with opposite conclusions on obviousness. Why, on summary judgment, would this court give Mr. Kelly's opinions more weight than those of Mr. Taylor? Is this an indication that this court views this field of art and this invention as unworthy of the full processes of the law?

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In addition, this court's analysis about the finite number of solutions in the art is unconvincing. Under this rationale, no party could receive a patent in the trading card industry because the solutions are "limited by the cards' physical characteristics," "theme," and "physical confines." In fact, as noted above, the trading card industry heralded this invention. Thus, the industry that best evaluates advances in its own field seems to question this court's summary conclusion.

APPENDIX B — CIVIL MINUTES OF THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA, SOUTHERN DIVISION DATED OCTOBER 6, 2008

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION

CIVIL MINUTES - GENERAL

Date: *October 6, 2008*

Case No.: *SA CV 01-1198 AHS (Anx)*
consolidated with
SA CV 03-897 AHS (ANx)

Title: *Media Tech. Licensing LLC, etc.,*
v. The Upper Deck Co., etc., et al.

PRESENT: **HON. *ALICEMARIE H. STOTLER*, JUDGE (IN CHAMBERS)**

* * *

PROCEEDINGS:

RULINGS: (1) GRANTING DEFENDANTS' MOTION FOR SUMMARY JUDGMENT NO. 3 (PATENTS INVALID ON OBVIOUSNESS GROUNDS); (2) DENYING DEFENDANTS' MOTION FOR SUMMARY JUDGMENT NO. 1 (NON-INFRINGEMENT); (3) GRANTING PLAINTIFF'S MOTION FOR PARTIAL

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SUMMARY JUDGMENT RE ANTICIPATION; (4) DENYING AS MOOT PLAINTIFF'S MOTION FOR PARTIAL SUMMARY JUDGMENT RE INTERVENING RIGHTS AS MOOT; AND (5) DENYING AS MOOT DEFENDANTS MOTION FOR SUMMARY JUDGMENT NO. 2 (LIMITATION OF DAMAGES)

I. Procedural History

On June 30, 2008, plaintiff filed its: (1) Motion for Partial Summary Judgment as to defendants' intervening rights defense, and (2) Motion for Partial Summary Judgment as to defendants' invalidity defense under 35 U.S.C. § 102. On June 30, 2008, defendants filed their: (1) Motion for Summary Judgment as to Limitation of Damages; (2) Motion for Summary Judgment as to Non-Infringement; and (3) Motion for Summary Judgment on Obviousness Grounds under 35 U.S.C. § 103. On July 29, 2008, plaintiff filed oppositions to all of defendants' motions. Defendants filed oppositions to plaintiff's motions on the same day. On August 27, 2008, the parties filed their replies. On September 23, 2008, the Court took under submission plaintiff's Motion for Partial Summary Judgment as to defendants' intervening rights defense and defendants' Motion for Summary Judgment as to Limitation of Damages.

On September 29, 2008, the Court held oral argument on: (1) plaintiff's Motion for Partial Summary Judgment re Anticipation; (2) defendants' Motion for

Summary Judgment as to Non-Infringement; and (3) defendants' Motion for Summary Judgment on Obviousness Grounds. The Court took the motions under submission at the conclusion of the hearing.

II. Factual Overview

Plaintiff Media Technologies LLC ("plaintiff" or "Media Tech") owns U.S. Patent Nos. 5,803,501 (" '501") and 6,142,532 (" '532), entitled "Memorabilia Card." The patents teach similar inventions, but each contains distinct claim language. The patents teach the application of a piece, but not a whole, item of "memorabilia" to the surface of a sports or entertainment card. Plaintiff alleges that defendants have incorporated the "Memorabilia Card" technology into their products and have induced others to do so.

III. Discussion

In deciding a motion for summary judgment, the court evaluates the evidence in light of the evidentiary standard that would apply at trial. *Eli Lilly & Co. v. Barr. Labs., Inc.*, 251 F.3d 955, 962 (Fed. Cir. 2001). Patents enjoy a presumption of validity. 35 U.S.C. § 282. Thus, to prevail at summary judgment an accused infringer must prove invalidity by clear and convincing evidence such that no reasonable jury could find otherwise. *Eli Lilly*, 251 F.3d at 962. The Court has construed the contested claims of the patents in suit. *See* Order Construing Claims, separately filed. The parties' request for judicial notice are granted. Defendants' evidentiary objections are overruled.

Appendix B

A. *Obviousness*

Defendants' Motion for Summary Judgment for Invalidity based on the doctrine of obviousness makes it defendants' burden to show that the patented invention would have been objectively obvious to one of ordinary skill in the art at the time the invention was made. *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 17, 86 S.Ct. 684, 15 L. Ed. 2d 545 (1966). Defendants establish by clear and convincing evidence that the patents are invalid on obviousness grounds and that no reasonable jury could find otherwise. *See* Statement of Uncontroverted Facts and Conclusions of Law, separately filed.

B. Anticipation

Plaintiff's Motion for Partial Summary Judgment for Invalidity, based on the doctrine of anticipation, makes it plaintiff's burden to demonstrate that a single prior art reference discloses each and every limitation of the claimed invention. *Schering Corp v. Geneva Pharm.*, 339 F.3d 1373, 1377 (Fed. Cir. 2003). Plaintiff meets its burden and establishes that a reasonable jury would find that a single prior art reference does not anticipate every claim of the '501 and '532 patents. *See* Statement of Uncontroverted Facts and Conclusions of Law, separately filed.

C. Non-Infringement

Defendants' Motion for Summary Judgment of Non-Infringement is denied. Genuine issues of material fact exist as to whether all of the claim limitations of the patents are present "either literally or by a substantial equivalent" in defendants' cards. *Johnson Worldwide Associates, Inc. v. Zebco Corp.*, 175 F.3d 985, 988 (Fed. Cir. 1999). Thus, summary judgment is inappropriate. *See* Fed. R. Civ. P. 56(c).

IV. Conclusion

Having read and considered the parties' papers, and having heard the oral arguments of counsel, the Court grants: (1) defendants' Motion for Summary Judgment on Obviousness Grounds under 35 U.S.C. § 103, and (2) plaintiff's Motion for Partial Summary Judgment as to defendants' invalidity defense under 35 U.S.C. § 102. The Court denies defendants' Motion for Summary Judgment as to Non-Infringement. The Court denies as moot plaintiff's Motion for Partial Summary Judgment as to defendants' intervening rights defense and defendants' Motion for Summary Judgment as to Limitation of Damages.

Orders reflecting the foregoing rulings shall be filed forthwith. The parties' proposed relevant Statements of Uncontroverted Facts and Conclusions of Law have been modified by the Court, and, as modified, are ordered filed. Judgment consistent with the foregoing shall be filed forthwith. Each party shall bear its own costs.

The Clerk shall serve this minute order on counsel for all parties in this action.

APPENDIX C — STATEMENT OF UNCONTROVERTED FACTS AND CONCLUSIONS OF LAW OF THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA, SOUTHERN DIVISION FILED OCTOBER 6, 2008

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION

SA CV 01-1198 AHS (ANx)

(Consolidated with
SA CV 03-897 AHS (ANx))

Honorable Alicemarie H. Stotler

MEDIA TECHNOLOGIES LICENSING, LLC,
a California limited liability company,

Plaintiff,

vs.

THE UPPER DECK COMPANY, a corporation, et al.,

Defendants.

AND RELATED COUNTERCLAIMS.

STATEMENT OF UNCONTROVERTED FACTS AND CONCLUSIONS OF LAW IN SUPPORT OF DEFENDANTS' SUMMARY JUDGMENT MOTION NO. 3 (PATENTS INVALID ON OBVIOUSNESS GROUNDS)

Appendix C

The Court, having heard the arguments of counsel and having read and considered the parties' submissions, issues this statement of facts which are uncontroverted or as to which there is no substantial controversy, as well as the conclusions of law that follow therefrom.

This statement is based on the submission of defendants the Upper Deck Company, The Upper Deck Company LLC, Upper Deck Distribution and Sales, and Playoff Corporation (collectively, "defendants") pursuant to Local Rule 56-1 in support of its Motion for Summary Judgment.

I.

UNCONTROVERTED FACTS

The list below identifies material facts as to which the Court finds there is no genuine issue to be tried.

Appendix C

UNCONTROVERTED MATERIAL FACTS:	SUPPORTING EVIDENCE:
1. The application which resulted in U.S. Patent No. 5,803,501 (" '501 Patent"), application no. 08/356,481, was filed on December 15, 1994.	'501 Patent (Carlson Decl., Ex. 6).
2. Application no. 08/356,481 is the first application which contains any description of the alleged inventions claimed in the '501 Patent.	Compare '501 Patent (Carlson Decl., Ex. 6) to U.S. Patent No. 5,417,431(" '431 Patent") (*id.*, Ex. 8) and U.S. Patent No. 5,421,583 (" '583 Patent") (*id.*, Ex. 9).
3. December 15, 1994, is the effective filing date of the '501 Patent.	'501 Patent (Carlson Decl., Ex. 6).
4. The application which resulted in U.S. Patent No. 6,142,532 (" '532 Patent") was a continuation of application no. 08/356,481, filed on December 15, 1994	'532 Patent (Carlson Decl., Ex. 7).

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UNCONTROVERTED MATERIAL FACTS:	SUPPORTING EVIDENCE:
5. Application no. 08/356,481 is the first application which contains any description of the alleged inventions claimed in the '532 Patent.	Compare '532 Patent (Carlson Decl., Ex. 7) to '431 Patent (*id.*, Ex. 8) and '583 Patent (*id.*, Ex. 9).
6. December 15, 1994, is the effective filing date of the '532 Patent.	'532 Patent (Carlson Decl., Ex. 7).
7. In the July 25, 1996 Amendment in the prosecution history of the '501 Patent, the Application stated: "This invention differs significantly from conventional memorabilia items. Whereas conventional memorabilia articles include an *entire* memorabilia article, such as an authentic football used in Superbowl XIX, or an authentic Boston Celtics jersey worn by Larry Bird, the present invention can take a small *piece* from the jersey or the football or the like and	Amendment for '501 Prosecution, dated July 25, 1996, at 62-63 (Carlson Decl., Ex. 18).

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UNCONTROVERTED MATERIAL FACTS:	SUPPORTING EVIDENCE:
adhere it to a sports trading card or can incorporate it into or onto some other kind of article. . . . None of the prior art references cited by the Examiner negates patentability of the claimed invention, since all of the prior art cited by the Examiner focuses on devices and methods of authenticity where an entire authentic item is necessary."	
8. Plaintiff claims that the date of the invention of the claimed subject matter of the '501 and '532 Patents is sometime in spring 1994.	Plaintiff Media Technologies Licensing LLC's Supplemental Responses to Inkworks' *first* set of *interrogatories* (Nos. 5 and 6) (Carlson Decl., Ex. 11 at 139.)

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UNCONTROVERTED MATERIAL FACTS:	SUPPORTING EVIDENCE:
THE MARILYN MONROE CARD	
9. The Marilyn Monroe Card was manufactured beginning in summer 1993, published in the late summer or early fall of 1993, and collected by the public in the fourth quarter of 1993.	Larsson Decl. ¶¶ 10-13.
10. The Marilyn Monroe Card measures 2 1/2 inches by 3 1/2 inches.	Larsson Decl. ¶ 4.
11. The back of the Marilyn Monroe Card contains a notice reading "Design © 1993 The Estate of Marilyn Monroe. All Rights Reserved."	Larsson Decl. ¶ 9, Ex. A.
12. The Marilyn Monroe Card was part of a set of cards, the Marilyn Monroe Collector Cards. These cards were sold in packs containing nine cards. Each case included 432 packs of cards (12 boxes in each case, 36 packs per box).	Larsson Decl. ¶ 8.
13. The Marilyn Monroe Diamond Tribute Card featured an image of Marilyn Monroe wearing a red	Larsson Decl. ¶ 9.

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UNCONTROVERTED MATERIAL FACTS:	SUPPORTING EVIDENCE:
dress, and a diamond necklace. Over the diamond in the image was placed a genuine diamond. The image of Marilyn Monroe was featured with a purple background with the word "MARILYN" behind her head in gold and with her signature superimposed over the image.	
14. The back of the Marilyn Monroe Card states: "The Diamond Card Seldom does a star shine as brightly as did Marilyn's. Marilyn was a Hollywood creation, but this creation became legend. And legends, it is said, last forever. As do diamonds, and that's why we've created this special 'Diamond Card' in tribute to Marilyn. The diamond represents a precious piece of Marilyn's mystique, from her glamorous performance of 'Diamonds Are A Girl's Best Friend' (which would become her 'signature'	Larsson Decl. at Ex. A.

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UNCONTROVERTED MATERIAL FACTS:	SUPPORTING EVIDENCE:
song) to the fact that Marilyn wished for a real diamond to be used to dot the "I" of her signature in the concrete of Grauman's Chinese Theatre. They didn't use a real diamond. But we did' the gem affixed to the 'Diamond Card' hold is a genuine, certified stone. Congratulations on winning the 'Diamond Card' from your friends at Sports Time Company, Inc. Design © 1993 The Estate of Marilyn Monroe. All Rights Reserved. Marilyn Monroe (script) & MARILYN™ are trademarks of the Estate of Marilyn Monroe. Represented by The Roger Richman Agency, Inc., Beverly Hills, CA. Photo courtesy of Silver Screen Photo Library. Sports Time Card Company, Inc."	

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UNCONTROVERTED MATERIAL FACTS:	SUPPORTING EVIDENCE:
THE BEATLES WHITTIER HOTEL STATIONERY PAPERS	
15. The Whittier Hotel Beatles stationery papers were sold in the United States in 1964.	Einhorn Decl. (Dkt. #190) ¶¶ 2-3 and Exhs. A and B. *See also* Augsburger Decl. ¶ 3; Pressman Decl. ¶¶ 3, 5.
16. The Whittier Hotel Beatles stationery papers were published in 1964	Einhorn Decl. (Dkt. #190) ¶ 2, Ex. A. *See also* Augsburger Decl. ¶ 3; Pressman Decl. ¶¶ 3, 5.
17. There was a set of four Whittier Hotel Beatles stationery papers - one for each Beatle - which consist of a 6" x 9" sheet containing the logo of the Whittier Hotel in Detroit, Michigan, and, featuring a small drawing of a bed, to which a one-inch square piece of the bed sheet the Beatle slept on during his stay at the Whittier Hotel.	Einhorn Decl. (Dkt. #190) ¶ 2, Ex. A; Augsburger Decl. ¶ 3, Ex. A.; Pressman Decl. ¶¶ 3, 5.

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UNCONTROVERTED MATERIAL FACTS:	SUPPORTING EVIDENCE:
18. Each piece of stationery paper contains a certification from Jimmie Hawkings, Managing Director of the Whittier Hotel, certifying that the piece of fabric is an authentic piece of a bed sheet slept upon by the Beatle to whom the card relates.	Einhorn Decl. (Dkt. #190), Ex. A; Augsburger Decl. Ex. A; Pressman Decl. ¶¶ 3, 5.
19. The Whittier Hotel Beatles stationery paper states: "September 6, 1964 *TO WHOM IT MAY CONCERN:* This is to certify that the "Beatles" stayed at the Whittier Hotel, arriving at 1:17 A.M. September 6, 1964 (Detroit Time), occupying Executive Suite No. 1566, checking out at 2:06 P.M. September 6, 1964. This is also to certify the bed linen below so designated in authentic and factual as to each of the "Beatles" using same.	Einhorn Decl. (Dkt.#190), Ex. A; Augsburger Decl. Ex. A; Pressman Decl. ¶¶ 3, 5.

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UNCONTROVERTED MATERIAL FACTS:	SUPPORTING EVIDENCE:
(signature) Jimmie Hawkins Managing Director	
20. There is also a second type of Whittier Hotel Beatles stationery paper, which was sold in the 1970s. This second type is printed on a cardstock and the hotel logo on this second set does not contain a sailboat. Collectors believe that these articles do not include an actual piece of bed sheet that was slept on by one of the Beatles - *i.e.*, they are fake. Mr. Augsburger purchased one of these fake Whittier Hotel Beatles stationery papers in or around 1974.	Augsburger Decl. ¶ 4, Ex. A; Pressman Decl. ¶¶ 3, 5.
THE JAMES DEAN GREETING CARD	
21. The James Dean greeting card contains a copyright notice of 1983.	Berlin Decl. (Dkt. #207), Ex. A; Taylor Decl. ¶ 202.
22. The James Dean greeting card was made in 1983.	Berlin Decl. (Dkt. #207), ¶ 9; Decl. ¶ 202.

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UNCONTROVERTED MATERIAL FACTS:	SUPPORTING EVIDENCE:
23. The James Dean greeting card is one of a set of "Heart Throbs" greeting card manufactured by "Maiden Jest, Inc.," depicting famous people and attaching items associated with the person depicted. These greeting cards received widespread publicity.	Berlin Decl. (Dkt. #207), ¶¶ 8, 17-19; Taylor Decl. ¶ 202.
24. The James Dean greeting card contains two separate sections. A photograph of James Dean appears on the right side of the card and a blister pack containing a small piece of denim is adhered to the left side of the greeting card.	Berlin Decl. (Dkt. #207), ¶ 9, Ex. A; Taylor Decl. ¶ 202.
25. The James Dean greeting card states: "REBEL'S CAUSE LIVES: Ecstatic Discovery! James Dean's Jeans! LIMITED EDITION PERFECT for the serious misfit.	Berlin Decl. (Dkt. #207), Ex. A; Decl. ¶ 202.

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UNCONTROVERTED MATERIAL FACTS:	SUPPORTING EVIDENCE:
Jimmy's struggle was a mirror to a generation of misunderstood youth. His was the damaged but beautiful soul of our time. The POWER and MYSTERY of lost adolescence still survives. Feel the anger and experience the hurt! Get *into* his jeans! ACTUALLY contains a piece of Jimmy's clothing. AMAZING THE WRATH OF OUTRAGED INNOCENCE ENDURES! SEALED WITH A KISS!"	
THE FATHER ECKERT CARD IS PRIOR ART	
26. The Catholic Church distributed relic cards prior to December 1993.	Devitt Decl., Ex. 1 at pp. 11-12, ¶¶ 2-8; Taylor Decl. ¶ 36.
27. Relic cards feature the image of a famous saint along with a relic attached to the card.	Devitt Decl., Ex. 1 at p. 11, ¶ 3; Taylor Decl. ¶ 36.

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UNCONTROVERTED MATERIAL FACTS:	SUPPORTING EVIDENCE:
28. The term "relic" refers to an item having a close connection to the saint appearing on the card.	Devitt Decl., Ex. 1 at p. 11, ¶ 4.
29. There are three classes of relic: a first class relic is an actual piece of the saint's body. A second class relic is an item with an intimate connection to the saint such as a piece of clothing worn by the individual. A third class relic consists of cloth of some other item touched to the bones, casket, or some other item belonging to the saint.	Devitt Decl., Ex. 1 at pp. 11-12, Ex. ¶ 4.
30. Generally, relic cards are about the size of a regular playing card or trading card.	Devitt Decl., Ex. 1 at 12, ¶ 5; Taylor Decl. 36.
31. A number of relic cards contain an "Imprimatur," which evidences the Church's approval of the card.	Devitt Decl., Ex. 1 at p. 12, ¶ 7; Taylor Decl. ¶ 36.
32. Relic cards are collected by a number of individuals as a hobby and are traded and sold among collectors. Today, relic cards are bought and sold on internet sites such as eBay.	Devitt Decl., Ex. 2 at pp. 59-60; Taylor Decl. ¶ 36.

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UNCONTROVERTED MATERIAL FACTS:	SUPPORTING EVIDENCE:
33. The Father Eckert card is an example of a relic card.	Devitt Decl., Ex. 1 at p. 16, ¶ 26.
34. The Father Eckert card was created in 1927.	Devitt Decl., Ex. 1 at p. 16, ¶ 26; Taylor Decl. ¶ 36.
35. The Father Eckert Card is made out of cardboard and measures 1 3/4 inches by 3 1/2 inches.	Devitt Decl., Ex. 1 at p. 56, ¶ 2; Taylor Decl. ¶ 36.
36. The Father Eckert Card has a picture of Father Eckert.	Devitt Decl., Ex. 1 at p. 16, ¶ 26; Taylor Decl. ¶ 36.
37. The Father Eckert Card has a piece of cloth attached hereto.	Devitt Decl., Ex. 1 at p. 16, ¶ 26; Taylor Decl. ¶ 36.
38. The Father Eckert Card describes the piece of cloth attached thereto as "Particle of the Clothing of Father Stephen, Capuchin Friar."	Devitt Decl., Ex. 1 at p. 16, ¶ 26; Taylor Decl. ¶ 36.
39. The Father Eckert Card bears two Imprimaturs attesting to the Church's approval of its creation.	Devitt Decl., Ex. 1 at p. 54, ¶ 26; Taylor Decl. ¶ 36.

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UNCONTROVERTED MATERIAL FACTS:	SUPPORTING EVIDENCE:
40. Brent Devitt purchased the Father Eckert card in December of 1993.	Devitt Decl., Ex. 1 at p. 16, ¶ 26; Taylor Decl. ¶ 36.
A Person of Ordinary Skill in the Art	
41. A person of ordinary skill in the art relating to subject matter of the patents would have: 1) been involved (by way of vocation or avocation) in the trading card business or hobby for at least two years; 2) some familiarity with the general value of memorabilia; and 3) at least some experience with the design or manufacture of trading cards or similar graphic arts experience.	Kelly Decl. ¶¶ 18-19.
Scope of the Prior Art	
42. The scope of the endeavor in which Mr. Gluck was engaged in creating the inventions claimed in the '501 and '532 Patents was producing collectible items, including trading cards.	Kelly Decl. ¶ 20.

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UNCONTROVERTED MATERIAL FACTS:	SUPPORTING EVIDENCE:
'501 PATENT, CLAIM 1	
43. Claim 1 of the '501 Patent states: "1. A memorabilia card comprising a substrate in the form of a card and having an image surface, the image surface including a background image and a foreground image, and wherein the foregoing image is of a famous figure, a piece of memorabilia item being adhered to the card adjacent to where an image of the actual item normally would appear, and the card including a certificate attesting to the authenticity of the item."	'501 Patent (Carlson Decl., Ex. 6 at p. 21 at 4:16-26).
44. The Marilyn Monroe Card is a card.	Larsson Decl. ¶¶ 7-9, Ex. A.
45. The Marilyn Monroe Card has a substrate in the form of a card.	Larsson Decl. ¶ 9, Ex. A.
46. The Marilyn Monroe Card has an image surface.	Larsson Decl. ¶ 9, Ex. A.

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UNCONTROVERTED MATERIAL FACTS:	SUPPORTING EVIDENCE:
47. The Marilyn Monroe Card has animage surface that includes a background image and a foreground image.	Larsson Decl. ¶ 9.
48. The Marilyn Monroe Card has an image of a famous figure — Marilyn Monroe.	Larsson Decl. ¶ 9.
49. The Marilyn Monroe Card has a diamond adhered to the card.	Larsson Decl. ¶ 9; Taylor Decl. ¶ 36.
50. The diamond on the Marilyn Monroe Card is adhered directly over where the image of a diamond would normally appear.	Larsson Decl. ¶ 9.
51. The Marilyn Monroe Card includes a certificate attesting to the authenticity of the diamond.	Larsson Decl., at Ex. A.
52. The diamond attached to the Marilyn Monroe Card is memorabilia.	Carlson Decl., Ex. 1; Taylor Decl. ¶ 36.

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UNCONTROVERTED MATERIAL FACTS:	SUPPORTING EVIDENCE:
'501 PATENT, CLAIM 6	
53. Claim 6 of the '501 Patent states: "6. A memorabilia article comprising at least a piece authentic implement used either a popular sport or entertainment person or during a memorable event, wherein less than all the implement is included, card having an image surface, the article being adhered to surface near where an image implement normally would appear."	Carlson Decl., Ex. 6 at p. 21 at ¶ 4:43-49.
54. The Whittier Hotel Beatles stationery paper that is authentic contains a piece of a sheet from the bed in which on of the Beatles slept.	Einhorn Decl. (Dkt. #190) ¶ 2, Ex. A (Carlson Decl., Ex. 12); Augsburger Decl. ¶ 3, Ex. A; Pressman ¶¶ 3, 5.
55. The piece of sheet on the Whittier Hotel Beatles stationery paper that is authentic is at least a piece of an authentic implement.	Einhorn Decl. (Dkt. #190) ¶ 2, Ex. A (Carlson Decl., Ex. 12); Augsburger Decl. ¶ 3, Ex. A; Pressman ¶¶ 3, 5.

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UNCONTROVERTED MATERIAL FACTS:	SUPPORTING EVIDENCE:
56. The Beatles were popular sports or entertainment persons.	Defendants' Request for Judicial Notice, ¶ 3.
57. The piece of sheet on the Whittier Hotel Beatles stationery paper that was authentic was used by a popular sports or entertainment person.	Einhorn Decl. (Dkt. #190) ¶ 2, Ex. A (Carlson Decl., Ex. 12); Augsburger Decl. ¶ 3, Ex. A; Pressman Decl. ¶¶ 3, 5.
58. The piece of sheet on the Whittier Hotel Beatles stationery paper that is authentic is less than all of authentic implement (i.e., the sheet).	Einhorn Decl. (Dkt. #190) ¶ 2, Ex. A (Carlson Decl., Ex. 12); Pressman Decl. ¶¶ 3, 5.
59. The Whittier Hotel Beatles stationery paper has an image surface.	Einhorn Decl. (Dkt. #190) ¶ 2, Ex. A (Carlson Decl., Ex. 12); Augsburger Decl. Ex. A; Pressman Decl. ¶¶ 3, 5.

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UNCONTROVERTED MATERIAL FACTS:	SUPPORTING EVIDENCE:
60. The piece of sheet is adhered to the image surface of the Whittier Hotel Beatles stationery paper.	Einhorn Decl. (Dkt. #190), Ex. A (Carlson Decl., Ex. 12); Augsburger Decl. Ex. A; Pressman Decl. ¶¶ 3, 5.
61. The piece of sheet is adhered on bed depicted on top of the image of the Whittier Hotel Beatles stationery paper.	Einhorn Decl. (Dkt. #190), Ex. A (Carlson Decl., Ex. 12); Augsburger Decl. Ex. A; Pressman Decl. ¶¶ 3, 5.
62. The piece of sheet on the Whittier Hotel Beatles stationery paper is adhered to the surface of the card near to where would appear an image of the sheet normally would appear (i.e., on the bed).	Einhorn Decl. (Dkt. #190), Ex. A (Carlson Decl., Ex. 12); Augsburger Decl. Ex. A; Pressman Decl. ¶¶ 3, 5.
63. The Marilyn Monroe Card contains a diamond.	Larsson Decl. ¶ 9.

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UNCONTROVERTED MATERIAL FACTS:	SUPPORTING EVIDENCE:
64. The diamond on the Marilyn Monroe Card is a memorabilia item.	Diamond (gemstone), http://en.wikipedia;.org/wiki/Diamond_(Gemstone); Pressman Decl. ¶¶ 3, 5.
65. Marilyn Monroe was a popular sports or entertainment person	Defendants' Request for Judicial Notice, ¶ 2.
66. The Marilyn Monroe Card is a card.	Larsson Decl. ¶¶ 7-9.
67. The Marilyn Monroe Card has an image surface.	Larsson Decl. at Ex. A.
68. The diamond is adhered to the image surface of the Marilyn Monroe Card.	Larsson Decl. ¶ 9.
69. The diamond is adhered on top of the image of the necklace on the Marilyn Monroe Card	Larsson Decl. ¶ 9.

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UNCONTROVERTED MATERIAL FACTS:	SUPPORTING EVIDENCE:
70. The diamond on the Marilyn Monroe Card is adhered to the surface of the card near to where an image of the diamond normally would appear (i.e., on the necklace).	Larsson Decl. ¶ 9.
'501 PATENT, CLAIM 7	
71. Claim 7 of the '501 Patent states: "7. An article of memorabilia comprising a first member, and a portion, but not the entirety, of an authentic memorabilia item used by a popular sport or entertainment personality or during a memorable event, said portion attached to said first member, and the first member includes a sports trading card having an image surface, and said portion is affixed to said surface near where an image of an authentic item normally would appear."	Carlson Decl., Ex. 6 at p. 21 at ¶ 4:51-60.

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UNCONTROVERTED MATERIAL FACTS:	SUPPORTING EVIDENCE:
72. The James Dean greeting card, the Marilyn Monroe Card, and the Father Eckert card all have "a first member," i.e., a photograph or likeness of a famous figure.	Berlin Decl. (Dkt.#207), Ex. A (Carlson Decl., Ex. 13); Larsson Decl. at Ex. A; Devitt Decl., Ex. 1 at p. 54; Taylor Decl. ¶ 202.
73. James Dean, Marilyn Monroe, and the Beatles were popular sport or entertainment personalities.	Defendants' Request for Judicial Notice, ¶¶ 1-3
74. In the Marilyn Monroe Card, the Father Eckert Card, and the Whittier Hotel Beatles stationery paper, the portion of the memorabilia item is attached to said first member (the photograph or likeness of a famous figure.)	Berlin Decl. (Dkt.#207) ¶ 9, Ex. A (Carlson Decl., Ex. 13); Larsson Decl. at Ex. A; Devitt Decl., Ex. 1 at p. 54; Pressman Decl. ¶¶ 3, 5.
75. In the Marilyn Monroe Card and the Whittier Hotel Beatles Card, the memorabilia item is affixed to said surface near where an image of an authentic item normally would appear (on the picture of the necklace and on the picture of the bed, respectively).	Larsson Decl. at Ex. A; Einhorn Decl. (Dkt. #190), Ex. A (Carlson Decl., Ex. 12).

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UNCONTROVERTED MATERIAL FACTS:	SUPPORTING EVIDENCE:
'532 PATENT, CLAIM 24	
76. Claim 24 of the Reexamined '532 Patent states: "24. An article of memorabilia comprising: a first member, and a portion, but not the entirety, of an authentic memorabilia item used by a popular sport or entertainment personality or during a memorable event, said portion attached to said first member wherein said portion comprises a tiny piece of an authentic item of clothing worn by the sports or entertainment personality.	Carlson Decl., Ex. 7 at p. 34.
77. The James Dean greeting card has "a first member," *i.e.*, a photograph or likeness of a famous figure.	Berlin Decl. (Dkt. #207), Ex. A (Carlson Decl., Ex. 13); Taylor Decl. ¶ 202.
78. James Dean was a popular entertainment personality	Defendants' Request for Judicial Notice, ¶ 1.

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UNCONTROVERTED MATERIAL FACTS:	SUPPORTING EVIDENCE:
'532 PATENT, CLAIM 23, 25-29	
79. Except for the words shown in italics below, all of the remaining asserted claims of the reexamined '532 patent contain the same language as claim 23, which reads: An article of memorabilia comprising: a first member, and a portion, but not the entirety, of an authentic memorabilia item used by a popular sport or entertainment personality or during a memorable event, said portion attached to said first member wherein the authentic item is *a baseball bat*, and said portion comprises *a tiny piece of wood* taken from that bat. The italicized language is replaced in claims 25-29 with language that merely varies the specific memorabilia item involved, claiming a baseball (claim 25), football (claim 26), basketball (claim 27), hockey puck (claim 28) soccer ball (claim 29).	Carlson Decl., Ex. 7 at pp. 42, 43.

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UNCONTROVERTED MATERIAL FACTS:	SUPPORTING EVIDENCE:
80. The James Dean greeting card, the Marilyn Monroe Card, and the Father Eckert Card all have a "first member," *i.e.*, a photograph or likeness of a famous figure.	Berlin Decl. (Dkt. #207), Ex. A (Carlson Decl., Ex. 13); Larsson Decl. at Ex. A; Devitt Decl., Ex. 1 at p. 54; Taylor Decl. ¶ 202.
81. The Father Eckert Card and the Whittier Hotel Beatles stationery paper that is authentic both attach a portion, but not the entirety, of an authentic memorabilia item (*i.e.*, robe and bedsheet, respectively) used by the person depicted on the card.	Berlin Decl. (Dkt. #207) ¶ 9 (Carlson Decl., Ex. 13); Devitt Decl., Ex. 1 at p. 16, ¶ 26; Augsburger Decl. ¶ 3; Pressman Decl. ¶¶ 3, 5.
82. James Dean, Marilyn Monroe, and the Beatles were popular sport or entertainment personalities.	Defendants' Request for Judicial Notice, ¶¶ 3.
83. In the Marilyn Monroe Card, the Father Eckert Card, and the Whittier Hotel Beatles stationery card, the memorabilia item is attached to said first member.	Larsson Decl. ¶ 9; Devitt Decl., Ex. 1 at p. 16, ¶ 26; Augsburger Decl. ¶ 3; Pressman Decl. ¶¶ 3, 5.

Appendix C

II.

CONCLUSIONS OF LAW

1. Summary judgment shall be granted where "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Fed. R. Civ. P. 56(c).

2. The moving party has the burden of demonstrating the absence of a genuine issue of fact for trial. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 256, 106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986). The moving party need not disprove the opposing party's case. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323, 106 S. Ct. 2548, 91 L. Ed. 2d 265 (1986). Rather, if the moving party satisfies this burden, the party opposing the motion must set forth specific facts, through affidavits or admissible discovery materials, showing that there exists a genuine issue for trial. *Id.* at 323-24; Fed. R. Civ. P. 56(e).

3. Inferences drawn from evidence must be viewed in the light most favorable to the party opposing the motion. *United States v. City of Tacoma*, 332 F.3d 574, 578 (9th Cir. 2003).

4. An issue of fact is a genuine issue if it reasonably can be resolved in favor of either party. *Liberty Lobby*, 477 U.S. at 250-51. "[M]ere disagreement or the bald

assertion that a genuine issue of material fact exists" does not preclude summary judgment. *See Harper v. Wallingford*, 877 F.2d 728, 731 (9th Cir. 1989). "The mere existence of a scintilla of evidence in support of the [non-movant's] position will be insufficient; there must be evidence on which the jury . . . could find by a preponderance of the evidence that the [non-movant] is entitled to a verdict. . . . *Anderson*, 477 U.S. at 252. "Only disputes over facts that might affect the outcome of the suit under the governing law will properly preclude the entry of summary judgment." *Id.* at 248.

5. Specific facts are required; conclusory allegations will not suffice. *See FTC v. Publ'g Clearing House, Inc.*, 104 F.3d 1168, 1171 (9th Cir. 1997) ("A conclusory, self-serving affidavit, lacking detailed facts and any supporting evidence, is insufficient to create a genuine issue of material fact" (citations omitted)). Declarations must be based on personal knowledge, must set forth facts that would be admissible at trial, and must show that the declarant is competent to testify as to the facts at issue. Fed. R. Civ. P. 56(e). Declarations on "information and belief" are inappropriate to demonstrate a genuine issue of fact. *Taylor v. List*, 880 F.2d 1040, 1045 n. 3 (9th Cir. 1989).

6. An issued patent enjoys a presumption of validity. However, the presumption can be overcome by clear and convincing evidence, including on a summary judgment motion. *Invitrogen Corp. v. Biocrest Mfg.*, 424 F.3d 1374, 1378 (Fed. Cir. 2005). If no additional prior art is provided to the district court, then the defendant must

overcome the deference provided to a government agency presumed to have done its job. *Polaroid Corp. v. Eastman Kodak Co.*, 789 F.2d 1556, 1560 (Fed. Cir. 1986).

7. Obviousness is a legal determination and may be determined on a motion for summary judgment. *KSR Int'l Co. v. Teleflex Inc.*, __ U.S. __, 127 S. Ct. 1727, 1745-46, 167 L. Ed. 2d 705 (2007)(further explaining that conflicting expert testimony about the legal conclusions to be drawn from the underlying facts cannot defeat summary judgment). Thus, a district court may still find a patent invalid even if it was reexamined by the Patent Trademark Office ("PTO") involving some of the same references. *PharmaStem Therapeutics, Inc. v. Viacell, Inc.*, 491 F.3d 1342, 1366 (Fed. Cir. 2007).

8. A patent is invalid for obviousness if the subject matter of the patent claim would have been obvious to one of ordinary skill in the art, in view of prior art at the time. 35 U.S.C. § 103.

9. The Supreme Court set out an objective test to be used in applying Section 103:

> "[1] The scope and content of the prior art are . . . determined; [2] differences between the prior art and the claims at issue are . . . ascertained; [3] and the level of ordinary skill in the pertinent art resolved. Against this background the obviousness or nonobviousness of the subject matter is determined. Such secondary

> considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented."

Graham v. John Deere Co. of Kansas City, 383 U.S. 1, 17-18, 86 S. Ct. 684, 15 L. Ed. 2d 545 (1966).

10. Courts usually interpret this using a "teaching, suggestion, or motivation" ("TSM") test, "under which a patent claim is only proved obvious if the prior art, the problem's nature, or the knowledge of a person having ordinary skill in the art reveals some motivation or suggestion to combine the prior art teachings." *KSR*, 127 S. Ct. at 1730. This test must be applied in an expansive and flexible approach. *Id.* at 1731.

11. The "combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results." *KSR*, 127 S. Ct. at 1739; *see Pfizer, Inc. v. Apotex, Inc.*, 480 F.3d 1348, 1371 (Fed. Cir. 2007).

12. The Court is required to ascertain what was objectively obvious to one of ordinary skill in the art as of 1993. *Daiichi Sankyo, Co., Ltd. v. Apotex, Inc.*, 501 F.3d 1254, 1256 (Fed. Cir. 2007); *Ruiz v. A.B. Chance, Co.*, 234 F.3d 654, 666-67 (Fed. Cir. 2000).

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Person Having Ordinary Skill in the Art

13. In determining what was objectively obvious, the Court must first determine the level of ordinary skill in the art. *Daiichi*, 501 F.3d at 1256; *Ruiz*, 234 F.3d at 666.

14. Here, a person having ordinary skill in the art would have: (1) been involved (by way of vocation or avocation) in the trading card business or hobby for at least two years; (2) had some familiarity with the general value of memorabilia; and (3) had at least some experience with the design or manufacture of trading cards, or had similar graphic arts experience.

Scope and Content of the Prior Art

15. The Court must determine the scope and content of the prior art. *McGinley v. Franklin Sports, Inc.*, 262 F.3d 1339, 1349 (Fed. Cir. 2001). The Court should first determine what prior art references are pertinent. *State Contracting & Eng'g Corp. v. Condotte Am., Inc.*, 346 F.3d 1057, 1069 (Fed. Cir. 2003); *In re Clay*, 966 F.2d 656, 658 (Fed. Cir. 1992) ("this determination is frequently couched in terms of whether the art is analogous or not whether, i.e., the art is too remote to be treated as prior art" (internal citations omitted)).

16. "Two criteria have evolved for determining whether prior art is analogous: (1) whether the art is from the same field of endeavor, regardless of the problem addressed, and (2) if the reference is not within the field of the inventor's endeavor, whether the

reference still is reasonably pertinent to the particular problem with which the inventor is involved." *Clay*, 966 F.2d at 958-59. While this is a factual determination, *KSR* rebuked the appeals court for construing this inquiry too narrowly and found that summary judgment was proper at that stage. *KSR*, 127 S. Ct. at 1732, 1745-46.

17. The Court looks to the patent specification to determine what the relevant field of endeavor is. *Application of Wood*, 599 F.2d 1032, 1036 (CCPA 1979).

18. The relevant field here is the field of trading cards. A trading card is a card that typically has at least one photograph or likeness on the front and statistical or biographical information about the subject on the back, is part of a set of trading cards for collecting, and which is typically about 2 1/2 by 3 1/2 inches in size.[1]

19. Both the Marilyn Monroe Card and the Father Eckert Card are prior art within the relevant field of endeavor.

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1. Plaintiff provided a variation on their proposed claim construction at oral argument and claimed that what was submitted in the claim construction brief was an error. The PowerPoint slides presented at the hearing provide that a "Card" means a trading card, which is made of flat stiff material, typically 2 1/2 by 3 1/2 [inches] in size (although this size has some variation), with an image surface on one side and a back side containing certain information relating to the subject matter of the card, that are typically sold in random packs containing multiple other trading cards, constituting a portion of a set or group of trading cards to facilitate the collecting and trading aspects of the trading cards.

20. "If a reference is outside the inventor's field of endeavor, it is still analogous art if the reference is reasonably pertinent to the particular problem with which the inventor is involved." *State Contracting*, 346 F.3d at 1069 (internal quotations omitted). The Court errs if it relies on a party's narrow construction of the problem that the inventor was trying to solve. *KSR*, 127 S. Ct. at 1732. "Under the correct analysis, any need or problem known in the field and addressed by the patent can provide a reason for combining the elements in the manner claimed." *Id.* Moreover, it is error to assume that a person having ordinary skill in the art "will be led only to those prior art elements designed to solve the same problem." *Id.*

21. Here, it is objectively reasonable to determine that the problem the inventor was trying to solve was to create a card that had greater value or was distinct from other cards. Both parties acknowledge that there were market incentives and pressures to create a new card.

22. Based on this understanding of the problem, both the James Dean greeting card and the Whittier Hotel Beatles stationery paper that was authentic are reasonably pertinent.

Appendix C

Differences Between the Prior Art and Asserted Claims

23. The prior art need not teach every element of a claim, rather it should just render the claimed invention obvious. *In re Beattie*, 974 F.2d 1309, 1312 (Fed. Cir. 1992).

24. "Common sense teaches . . . that familiar items may have obvious uses beyond their primary purposes, and in many cases a person of ordinary skill will be able to fit the teachings of multiple patents together like pieces of a puzzle." *KSR*, 127 S. Ct. at 1742; *accord In Re Icon Health & Fitness*, 496 F.3d 1374, 1381 (Fed. Cir. 2007).

25. Here, all prior art references teach to the claimed invention.

Secondary Considerations

26. Although secondary considerations are often important, secondary considerations alone cannot save a clearly invalid patent. *Dystar Textilfarben GmbH & Co Deutschland KG v. C.H. Patrick Co.*, 464 F.3d 1356, 1371 (Fed. Cir. 2006).

27. The secondary consideration of commercial success is relevant only where there is proof of a "nexus between the merits of the claimed invention and the evidence of secondary considerations." *Simmons Fastener Corp. v. Ill. Tool Works, Inc.*, 739 F.2d 1573,

1575 (Fed. Cir. 1984); *accord Sjolund v. Musland*, 847 F.2d 1573, 1582 (Fed. Cir. 1988) ("commercial success is relevant only if it flows from the merits of the claimed invention").

28. Advertising language is not persuasive because it is the nature of advertising to include boastful phrases. *Ferag AG v. Grapha-Holding AG*, 935 F. Supp. 1238, 1247 (D.D.C. 1996) ("marketing or advertising is not a factor of commercial success as defined by the Federal Circuit . . . ."); *accord Duer v. Corbin Cabinet Lock Co.*, 149 U.S. 216, 223, 13 S. Ct. 216, 37 L. Ed. 707 (1893) ("there are so many other considerations than that of novelty entering into a question of [patentability] that the popularity of the article becomes an unsafe criterion."); *Andersen Corp. v. Pella Corp.*, 500 F. Supp. 2d 1192, 1197 ("Boastful phrases in advertisements are aimed at consumers; they prove little or nothing about whether an invention is obvious").

29. Commercial success is "relevant in the obviousness context only if there is proof that the sales were a direct result of the unique characteristics of the claimed invention — as opposed to other economic and commercial factors unrelated to the quality of the patented subject matter." *In re Huang*, 100 F.3d 135, 140 (Fed. Cir. 1996); *accord McNeil-PPC, Inc. v. L. Perrigo Co.*, 337 F.3d 1362, 1370 (Fed. Cir. 2003) (finding the district court properly discounted the probative value of secondary indicia of nonobviousness where the party "launched a massive marketing and advertising campaign in connection with the launch of

[its] product, obscuring any nexus that might have existed between the merits of the product and its commercial success").

30. The Marilyn Monroe Card is prior art under either 35 U.S.C. § 102(a) or (b).

31. The Whittier Hotel Beatles stationery paper is prior art under either 35 U.S.C. § 102(a) or (b).

32. The James Dean greeting card is prior art under either 35 U.S.C. § 102(a) or (b).

33. The Father Eckert Card is prior art under either 35 U.S.C. § 102(a) or (b).

34. Claim 1 of the '501 Patent is taught by the Marilyn Monroe Card alone, or by the Marilyn Monroe Card in conjunction with the James Dean greeting card, the Whittier Hotel Beatles stationery papers, and Father Eckert Card, and is thus obvious and invalid under 35 U.S.C. § 103.

35. Claim 6 of the '501 Patent is taught by the Marilyn Monroe Card in conjunction with the James Dean greeting card, the Whittier Hotel Beatles stationery papers, and Father Eckert Card, and is thus obvious and invalid under 35 U.S.C. § 103.

36. Claim 7 of the '501 Patent is taught by the Marilyn Monroe Card in conjunction with the James Dean greeting card, the Whittier Hotel Beatles

stationery papers, and Father Eckert Card, and is thus obvious and invalid under 35 U.S.C. § 103.

37. Claim 24 of the '532 Patent is taught by the James Dean greeting card alone, or the James Dean greeting card in conjunction with the Marilyn Monroe Card, Whittier Hotel Beatles stationery papers, and Father Eckert Card, and is thus obvious and invalid under 35 U.S.C. § 103.

38. Claims 23, 25-29 of the '532 Patent are taught by the Whittier Hotel Beatles stationery papers, James Dean greeting card, Father Eckert Card, and Marilyn Monroe Card, and are thus obvious and invalid under 35 U.S.C. § 103.

39. The Court's Order Construing Claims is by this reference incorporated into these Conclusions of Law.

III.

CONCLUSION

The Court concludes that the '501 and the '532 patents are invalid on obviousness grounds under 35 U.S.C. § 103.

Dated: October 6, 2008

s/ ALICEMARIE H. STOTLER
ALICEMARIE H. STOTLER
CHIEF UNITED STATES DISTRICT COURT